

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 2/9/84

TO DIRECTOR, FBI
 (ATTN: PUBLIC CORRUPTION UNIT,
 WHITE COLLAR CRIME SECTION,
 CRIMINAL INVESTIGATIVE DIVISION)

FROM: SAC, INDIANAPOLIS (159A-265) (P)

UNSUB(S), aka -
 Allegations of Possible
 Embezzlement of Union
 Funds at Carpenters Local 599
 712 Highland
 Hammond, Indiana
 LABOR MANAGEMENT REPORTING
 AND DISCLOSURE ACT (A)
 (OO: -IP)

Re Bureau airtel to IP dated 1/20/84.

Enclosed for the Bureau, for information purposes,
 is the original and three copies of a self-explanatory LHM
 summarizing the initial allegations and investigation con-
 ducted to date, as well as setting forth the opinion of the
 United States Attorney's (USA) Office, Northern District
 of Indiana (NDI), Hammond, Indiana, in the captioned matter.

Administrative:

Confidential source referred to in enclosed LHM
 is closed.

Captioned matter was in a Pending Inactive
 status in November and December, 1983, due to the ex-
 tended sick leave of the case Agent. In addition, since

3 - Bureau (Encs. 4)

② - Indianapolis

PFH/cpa

(5)

DUPLICATE COPY FORWARDED TO
 GARY RA ON 2-14-84

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IP 159A-265

returning from sick leave, case Agent has been actively investigating case entitled, "DOMINICK PALERMO, aka, et al; FRANK NICK ZIZZO, aka; et al; [redacted] aka, et al; AL ROSETTI, RICO - IGB, ITAR (A), OO: IP, IP FILE 183A-731," in which extensive manpower has been extended. [redacted]

[redacted] It is anticipated that due to manpower limitations at IP-Gary RA, captioned matter will not be actively pursued until the conclusion of the aforementioned IP 183A-731 investigation.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Indianapolis, Indiana
February 9, 1984

UNKNOWN SUBJECT(S),
also known as -
Allegations of Possible
Embezzlement of Union
Funds at Carpenters Local 599,
712 Highland, Hammond, Indiana
LABOR MANAGEMENT REPORT AND
DISCLOSING ACT

Based upon information originally reported to the Chicago Division of the FBI, on November 22, 1982, William Gaines, reporter, "Chicago Tribune" newspaper, 435 North Michigan Avenue, Chicago, Illinois, was interviewed at his request by the Indianapolis Division, Gary Resident Agency of the FBI, concerning his knowledge of a number of high-stakes, illegal bingo operations being run by persons unknown at various fraternal halls in Hammond and East Chicago, Indiana, as well as at the captioned Carpenters and Plumbers Union Hall.

Gaines advised that at the captioned union hall, a uniformed Hammond, Indiana, Police Officer is in attendance at the games as a "guard." He stated that this officer has the last name of

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Gaines further advised that the bingo cards used at the captioned hall are printed by Gore and Kaye, a printing company located in Chicago, Illinois.

Gaines stated that to the best of his knowledge, gambling, including bingo, is illegal per se in the State of Indiana.

On one occasion, he observed a fully occupied bus from Milwaukee, Wisconsin, at the hall for a bingo game.

Gaines stated that a planned bingo game was recently announced at Carpenters Union Hall 599 that would charge a \$60 admission fee for 700 or more people, with a \$30,000 payoff, to be held in early January, 1982.

- 4 - Bureau
2 - USA, NDI
(Attn: AUSA)
② - Indianapolis
(159A-265)

PFH/cpa
(8) *GA*

This document contains neither
recommendations nor conclusions of
the FBI. It is the property of
the FBI and is loaned to your agency;
it and its contents are not to be
distributed outside your agency.

[Signature]

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UNKNOWN SUBJECT(S),
also known as -

On December 2, 1982, Detective Sergeant [redacted]
[redacted] Indiana State Police (ISP), Lowell, Indiana,
advised that bingo games of any kind played for money
would be illegal by the letter of the law in Indiana.

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It should be noted that the Carpenters Hall at
712 Highland, Hammond, Indiana, also houses the Carpenters
Northwest Indiana and Vicinity District Council.

On December 2, 1982, Assistant United States
Attorney (AUSA) [redacted] Northern District of
Indiana (NDI), Hammond, Indiana, was contacted and
advised of the information as provided by Gaines.

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[redacted] stated it is logical to assume that if
high-volume, high-stakes, illegal gambling is being
held at a union hall, the union would be reaping profits
from the illegal activity in the form of hall rental
or by actually profiting from running the games; that
any such money generated would therefore be union money;
and that the opportunity for embezzlement of union
funds would be high and lucrative.

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AUSA [redacted] stated if allegations of embezzlement
of union funds are proven, the United States Attorney's
Office, NDI, would prosecute any union officials involved
to the fullest extent of the law.

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On December 17, 1982, a confidential source of the
Indianapolis Division of the FBI advised that [redacted]

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By a communication dated January 31, 1983, the
Chicago Division of the FBI advised that United States Labor
Department, Chicago, Illinois, records reflect the following
individuals were [redacted] as of
June 30, 1981:

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UNKNOWN SUBJECT(S),
also known as -

On February 9, 1983, the facts of this case were again discussed with AUSA [] who stated that if the allegations are proven, his office would consider prosecution of the possible union official or officials involved under Title 29, U. S. Code, Section 501(c).

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[]
[] were subpoenaed and reviewed. This review failed to disclose any indication or "paper trail" to indicate a violation of Title 29, U.S. Code, Section 501(c).

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On January 9, 1984, AUSA [] NDI, Hammond, Indiana, was contacted regarding the captioned matter, at which time AUSA [] advised he had been reassigned this matter for the NDI, U.S. Attorney's Office.

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AUSA [] stated that he concurred with the prosecutive opinion previously set forth by AUSA []

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After a review of the matter, AUSA [] stated that in his opinion, attendance by the FBI at the Carpenters Union bingo games is appropriate to estimate the number of people in attendance at the games, and to estimate the gross money revenues generated from the bingo games in a thirty day period.

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Thereafter, this gross money revenue estimate will be compared with the Carpenters Union rental receipts, and [] Any monetary difference would then be an approximation of the "skim" by any union official.

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Subsequent to such a comparison, [] [] and interviews or reinterviews of suspects, as well as Federal Grand Jury subpoenas of [] will be logically pursued.

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U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No. IP 159A-265

Post Office Box 1186
Indianapolis, Indiana 46206
February 19, 1985

The Honorable R. Lawrence Steele, Jr.
United States Attorney
Northern District of Indiana
312 Federal Building
507 State Street
Hammond, Indiana 46320

Attention:

Assistant United States Attorney

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Re: UNKNOWN SUBJECT(S),
also known as (aka);
Allegations of Possible
Embezzlement of Union
Funds at Carpenters Local 599,
712 Highland, Hammond, Indiana;
LABOR MANAGEMENT REPORTING
AND DISCLOSURE ACT

Dear Mr. Steele:

The purpose of this letter is to request that your office respond at your earliest possible convenience to the FBI Gary Resident Agency proposal that Federal Grand Jury subpoenas be issued for

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By matter of background, the following information is set forth:

Based upon information originally reported to the Chicago Division of the FBI, on November 22, 1982, William Gaines, Reporter, "Chicago Tribune" newspaper, 435 North Michigan Avenue, Chicago, Illinois, was interviewed at his request by the Indianapolis Division, Gary Resident Agency of the FBI, concerning his knowledge of a number of high-stakes, illegal bingo operations being run by persons unknown at various fraternal halls in Hammond and East Chicago, Indiana, as well as at the captioned Carpenters and Plumbers Union Hall.

Gaines advised that at the captioned union hall, a uniformed Hammond, Indiana, Police Officer is in attendance at the games as a "guard." He stated that this officer has the last name of

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2 - Addressee
2 - Indianapolis
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IP 159A-265

Gaines further advised that the bingo cards used at the captioned hall are printed by Gore and Kaye, a printing company located in Chicago, Illinois.

Gaines stated that to the best of his knowledge, gambling, including bingo, is illegal per se in the State of Indiana.

On one occasion, he observed a fully occupied bus from Milwaukee, Wisconsin, at the hall for a bingo game.

Gaines stated that a planned bingo game was recently announced at Carpenters Union Hall 599 that would charge a \$60 admission fee for 700 or more people, with a \$30,000 payoff, to be held in early January, 1982.

It should be noted that the Carpenters Hall at 712 Highland, Hammond, Indiana, also houses the Carpenters Northwest Indiana and Vicinity District Council.

On December 2, 1982, Assistant United States Attorney (AUSA) [redacted] Northern District of Indiana (NDI), Hammond, Indiana, was contacted and advised of the information as provided by Gaines.

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[redacted] stated it is logical to assume that if high-volume, high-stakes, illegal gambling is being held at a union hall, the union would be reaping profits from the illegal activity in the form of hall rental or by actually profiting from running the games; that any such money generated would therefore be union money; and that the opportunity for embezzlement of union funds would be high and lucrative.

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AUSA [redacted] stated if allegations of embezzlement of union funds are proven, the United States Attorney's Office, NDI, would prosecute any union officials involved to the fullest extent of the law.

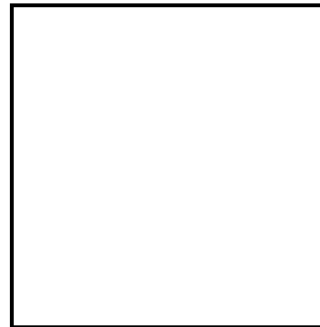
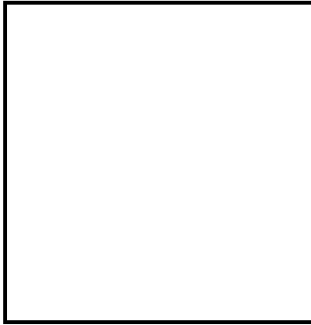
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On December 17, 1982, a confidential source of the Indianapolis Division of the FBI advised that [redacted]

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By a communication dated January 31, 1983, the Chicago Division of the FBI advised that United States Labor Department, Chicago, Illinois, records reflect the following individuals were [redacted] as of June 30, 1981:

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On February 9, 1983, the facts of this case were again discussed with AUSA [redacted], who stated that if the allegations are proven, his office would consider prosecution of the possible union official or officials involved under Title 29, U.S. Code, Section 501(c).

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In June of 1983, subsequent to the interview by the FBI of [redacted] AUSA [redacted] authorized the issuance of two Federal Grand Jury subpoenas [redacted]

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[redacted]
[redacted]
[redacted]
[redacted]

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Shortly after AUSA [redacted] resignation, the FBI Gary Resident Agency was telephonically contacted by a clerical employee of your office who advised that this matter had been reassigned from former AUSA [redacted] to AUSA [redacted] and that your office was declining prosecution in this matter due to the relative insignificance of this investigation.

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Subsequent to AUSA [redacted] departure, the FBI Gary Resident Agency received a memorandum from AUSA [redacted] wherein your office declined prosecution in this Unknown Subject case.

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I would suggest that the investigation will be best served by the authorization by your office of a Federal Grand Jury subpoena [redacted]

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[redacted]
[redacted] These records will then be compared to the previously obtained subpoenaed records [redacted]
Any major discrepancy between the request records and the previously obtained records would indicate a possible violation of the Labor

IP 159A-265

Management Reporting and Disclosure Act under Title 29, U.S. Code, Section 501 (c). If these compared records coincide, this investigation can be logically closed.

A response to this request will be appreciated at your earliest possible convenience. Any questions concerning this request should be directed to SA [redacted] of the FBI, Gary Resident Agency.

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Very truly yours,

John C. Mc Ginley
Special Agent in Charge